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The Aluminum Situation

DEPARTMENT OF ECONOMICS AND STATISTICS **JANUARY 1989**

INDUSTRY SHIPMENTS INCREASE 1.7%

Total industry net shipments for eleven months of 1988, reported at 15,092 million pounds, were up 1.7 percent from the eleven month 1987 total of 14,845 million pounds.

Domestic shipments of 13,550 million pounds were down 1.3 percent from the eleven month 1987 total of 13,728 million pounds.

Exports of ingot and mill products of 1,542 million pounds were up 38.1 percent from eleven months of 1987 while imports declined 9.9 percent for the same period.

THRU NOVEMBER 1988

	1988 11 Mos.	1987 11 Mos.	% Change
Mill Products	12,266	12,000	2.2
Ingot	2,826	2,846	-0.7
Total	15,092	14,845	1.7
Less Exports	1,542	1,117	38.1
Domestic Total	13,550	13,728	-1.3

Figures in Millions of Pounds
Source: Bureau of the Census
U.S. Department of Commerce

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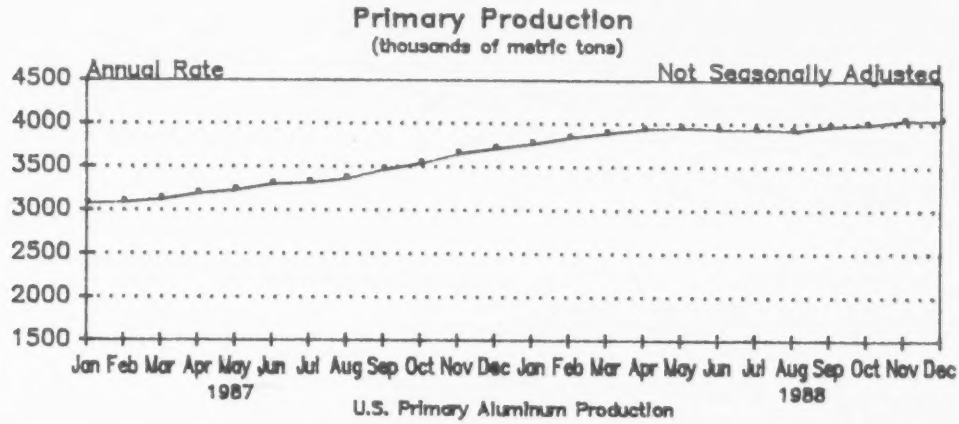
1988 PRIMARY PRODUCTION TOTALS 3,944,528 METRIC TONS

U.S. primary aluminum production averaged 11,081 metric tons daily during December 1988. This compares with an average of 10,189 metric tons a day in December 1987 and 11,075 metric tons a day in November 1988. The annual rate of production in December 1988 was 4,055,634 metric tons compared with 3,718,973 metric tons in December 1987 and 4,053,511 metric tons in November 1988. Actual production in December 1988 was 343,510 metric tons and 3,944,528 metric tons for the year 1988, up 17.9 percent over the previous year.

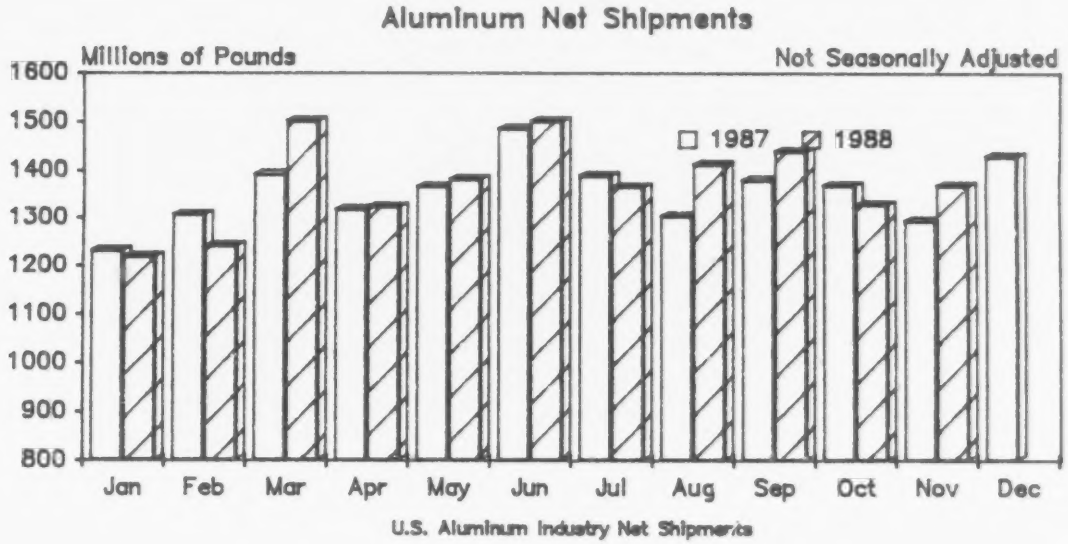


U.S. Primary Aluminum Production

Aluminum Association total industry estimates are based on information reported by members, which is aggregated by the Association and then expanded to total industry data utilizing an expansion ratio that attempts to reflect the relationship of reporters to the total industry. While the Association believes that its statistical procedures and methods are reliable, it does not warrant the accuracy or completeness of the data. All data contained herein are subject to revision.

INDUSTRY NET SHIPMENTS INCREASE 1.7 PERCENT

Total industry net shipments for eleven months of 1988, estimated at 15,092 million pounds, were up 1.7 percent from the eleven month 1987 total of 14,845 million pounds. Domestic shipments of 13,550 million pounds were down 1.3 percent from the eleven month 1987 total of 13,728 million pounds.

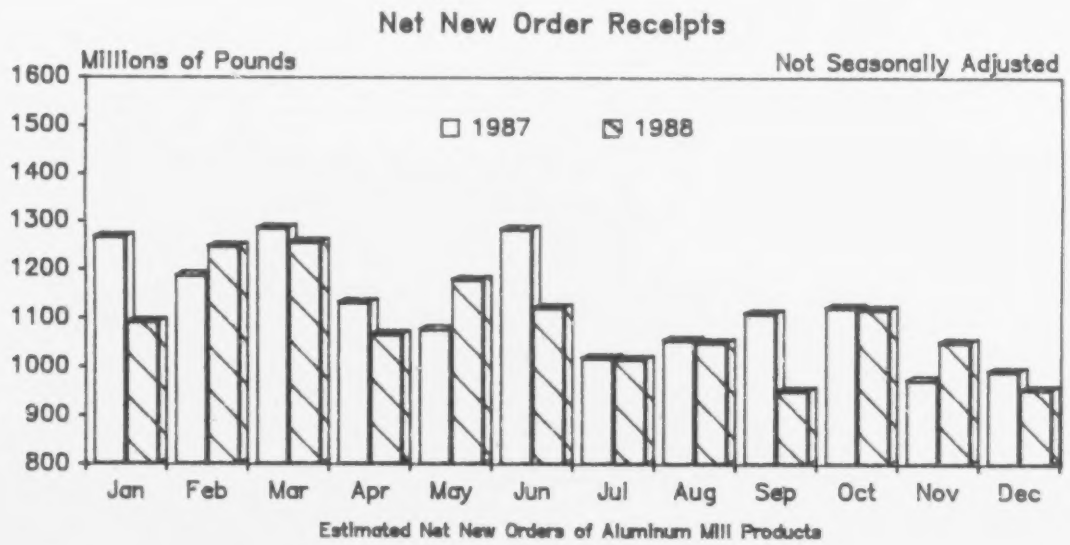


NET SHIPMENTS (Millions of Pounds)	1988 November	1987 November	1988 11 Mos.	1987 11 Mos.	% Change 1988 vs 1987
Sheet	572.1	543.8	6,580.8	6,436.8	2.2
Plate	23.8	22.1	276.1	246.5	12.0
Foil	74.5	67.5	838.8	794.4	5.6
Rod,Bar & Wire	19.8	21.7	232.8	334.2	-30.4
Elec. Conductor	60.7	49.9	649.6	576.0	12.8
Extruded Shapes,Tube	216.1	219.5	2,600.1	2,562.6	1.5
Powder & Paste	7.0	7.4	75.0	84.1	-10.8
Forgings & Impacts	12.4	11.7	154.1	144.4	6.7
Net Imports of Mill Products (Total) (a)	72.1	78.9	858.8	820.9	4.6
Total Mill Products	1,058.5	1,022.4	12,266.0	11,999.7	2.2
Ingot	311.7	272.0	2,826.4	2,845.6	-0.7
TOTAL INDUSTRY SHIPMENTS	1,370.3	1,294.4	15,092.4	14,845.3	1.7
Exports	165.7	120.1	1,542.4	1,117.0	38.1
TOTAL DOMESTIC SHIPMENTS	1,204.6	1,174.2	13,550.0	13,728.3	-1.3

Source: Bureau of the Census, U.S. Department of Commerce
(a) Not included in product data above.

1988 NET NEW ORDER RECEIPTS DOWN 2.9 PERCENT

Estimated net new order receipts of aluminum mill products for twelve months of 1988, totaling 13,111 million pounds, declined 2.9 percent from the twelve month 1987 total of 13,506 million pounds. Total net new orders of aluminum mill products for the month of December 1988 decreased to 956 million pounds, down 9.1 percent from the November 1988 total of 1,052 million pounds.



ORDER RECEIPTS (Millions of Pounds)	1988 December	1987 December	1988 12 Mos.	1987 12 Mos.	% Change 1988 vs 1987
Sheet & Plate, Other	315.4	396.4	4,355.7	5,238.8	-16.9
Can Stock	289.6	216.4	3,914.2	3,416.8	14.6
Foil	78.7	104.5	1,034.3	1,094.7	-5.5
Bar, Rod & Wire	35.2	32.6	452.1	421.7	7.2
Electrical Conductor	59.9	52.1	811.7	654.6	24.0
Extruded Shapes & Tube	158.7	167.6	2,271.4	2,418.9	-6.1
Powder & Paste	7.9	7.2	119.2	102.7	16.1
Forgings & Impacts	10.5	15.4	152.1	157.7	-3.6
Total Mill Products	955.9	992.2	13,110.7	13,505.9	-2.9

Source: The Aluminum Association estimates total industry orders (including orders for imports) based on weekly reports by members of new orders (less cancellations) received. The Association expands these data to total industry utilizing an expansion ratio that attempts to reflect the relationship of reporters to the total industry. Weekly data are available on a subscription basis.
(a) Domestic only. Orders for imports of Can Stock are included in Sheet and Plate, Other.

PRODUCER INVENTORIES DECLINE 126 MILLION POUNDS

Producer inventories decreased in November 1988 to an reported total of 4,048 million pounds. This represents a 126 million pound fall from the October 1988 level of 4,174 million pounds.

Month-End Aluminum Producer Inventories
By Type of Producer
(Figures in Millions of Pounds)

	Total	Ingot	Scrap	All Other
August	4,213	1,310	743	2,161
September	4,221r	1,343r	745r	2,133r
October	4,174r	1,353r	664r	2,156r
November	4,048	1,427	543	2,078

Source: Bureau of the Census, U.S. Department of Commerce.

CUSTOMER INVENTORIES REPORTED AT 35.5 DAYS

Respondents to the Association's Customer Inventory Survey reported that their Average Days Inventory as of November 30, 1988 was 35.5, up 1.1 percent from October 1988.

Month-End Aluminum Consumer Inventories
(Average Number of Days)

August	36.7
September	36.5
October	35.1
November	35.5

Source: Aluminum Association - Customer Inventory Position Survey

U.S. IMPORTS & EXPORTS
(Millions of Pounds)

		1988 November	1987 November	1988 11 Mos.	1987 11 Mos.	% Change 1988 vs 1987
Imports	Mill Products	72.9	85.1	901.4	919.5	-2.0
	Ingot	180.2	206.3	2,144.1	2,544.2	-15.7
	Total	253.1	291.5	3,045.5	3,463.7	-12.1
	Scrap (+ dross)	35.1	31.1	425.6	390.0	9.1
	Grand Total	288.2	322.6	3,471.0	3,853.7	-9.9
Exports	Mill Products	60.8	55.9	773.6	575.3	34.5
	Ingot	104.9	64.2	768.8	541.7	41.9
	Total	165.7	120.1	1,542.4	1,117.0	38.1
	Scrap	95.8	64.6	950.9	746.1	27.4
	Grand Total	261.5	184.7	2,493.4	1,863.1	33.8
Net Imports		26.7	137.9	977.6	1,990.6	-50.9

Source: Bureau of the Census, U.S. Department of Commerce.